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FISCAL IMPACT STATEMENT

LS 6970

BILL NUMBER: HB 1219

NOTE PREPARED: Jan 27, 2014

BILL AMENDED:

SUBJECT: Farm Products and Vehicles.

FIRST AUTHOR: Rep. Cherry

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill amends the definitions of "farm product" and "farm vehicles" for purposes of the motor vehicle law and makes conforming changes.

Effective Date: July 1, 2014.

Explanation of State Expenditures:

Explanation of State Revenues: *Summary:* This bill could increase state revenue from vehicle registration fees and oversize/overweight permit fees. Increases in revenue are indeterminable.

Additional Information: This bill amends the definition of farm product and farm vehicles to be consistent with definitions included in the federal Moving Ahead for Progress in the 21st Century (MAP-21) Act. As a result, it is expected that some vehicles that were previously registered as farm vehicles will now register as commercial vehicles.

The current registration fee for farm vehicles is 50% of the registration fee for a commercial vehicle of the same weight. If fewer vehicles are able to register as farm vehicles, the state will receive additional revenue from registration fees. Actual revenue received will depend on the (1) number of vehicles previously registered as a farm vehicle that will be required to register as a commercial vehicle and (2) the weight of the vehicle.

Revenue received from commercial vehicle registration fees is distributed to the following funds and

accounts: the Motor Vehicle Highway Account, the Spinal Cord and Brain Injury Fund (for some vehicles), Anti-Terrorism Fund, Crossroads 2000 Fund, Indiana State Police Building Account, Primary and Local Road and Street Fund, Bureau of Motor Vehicles (BMV) Technology Fund, and the BMV Commission Fund.

By changing the definition of a farm vehicle, the bill removes the exemption for oversize/overweight vehicles for certain vehicles that were previously considered farm vehicles. Specifically, vehicles designated as farm vehicles do not have to meet certain height and width requirements and may also be exempt from oversize/overweight rules when used during farming operations. Oversize/overweight permit fees are collected and deposited into the State Highway Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues: Farm vehicles also pay 50% of the prevailing rate for the commercial vehicle excise tax (CVET). If fewer vehicles are able to register as farm vehicles, the local civil taxing units, school corporations, and the state would receive an undetermined amount of additional revenue. For CY 2012, CVET revenues were \$61.3 M in revenue statewide, of which the state retained \$18.3 M.

State Agencies Affected: BMV, INDOT.

Local Agencies Affected: Local civil taxing units and school corporations.

Information Sources:

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